



Notes From Chicago

Posted by **Pierluigi Oliverio** on Monday, October 06, 2008

Last week I went on my first City to City trip organized by the Chamber of Commerce. The delegation was comprised of 80 "San Jose Cheerleaders," including Mayor Reed, four councilmembers (besides myself), City Manager, Police Chief, high-tech representatives, affordable housing developers, attorneys, etc. Interestingly enough, about 20 percent percent of the group lives in District 6.

Before I decided to travel, I researched the purpose of the trip. Because I am an advocate of web conferencing, I wanted to see if travelling for this trip was necessary. Travelling to Chicago was necessary since the purpose of the trip was to experience the physical City of Chicago, like walking Cabrini Green, Millennium Park, Green Rooftops and other destination points in Chicago.

The purpose of the City to City trip is to visit a different city each year to see what they do best and possibly emulate their positive aspects in San Jose. I did not go last year.

Chicago is a great city that does have its own problems including budget shortfalls and an escalating crime rate. Unlike San Jose, Chicago is responsible for its public schools, has a massive skyline, and has more steakhouses than Starbucks.

A few "snapshots" that I learned about Chicago.

- Mayor Daley has been at the helm of Chicago for almost 20 years.
- The Mayor is the head of all city departments and there is no city manager.
- Elected officials do not have term limits in Chicago and they have 50 alderman (councilmembers).
- Chicago O'Hare airport has 3400 flights a day vs. San Jose, which has 156 flights a day.
- They use surveillance cameras to fight crime.
- \$2,500 fine for illegal dumping or they impound your car.
- City employees must live in Chicago.
- Civilian city employees are allowed to manage street closures

allowing sworn police to stay on the beat.

- Largest convention center in the US.
- One of four global cities bidding on the 2016 Olympic games where Chicago see this as a way to build more infrastructure.
- Chicago privatized Midway Airport and leased out the Skyway toll road

Chicago and San Jose both use tax increment financing (TIF) to fund redevelopment. Chicago invests a billion dollars per year on infrastructure funded by TIF. Some of that money is spent on streetscapes and sidewalks. Block after block had planter boxes with flowers. Every block was immaculate. It was interesting to me that in a big union city like Chicago, they allowed competition for 25 percent of the landscape maintenance, or in other words, outsourcing.

Like San Jose, Chicago has been generous in providing affordable housing. Important to note however, is that Cabrini Green, a well-known affordable housing area, had developed the highest crime rate in the city. In an effort to cut down on crime, Chicago negotiated with HUD and knocked down "the projects." The City gave all the residents Section 8 vouchers to find temporary housing.

Now, Chicago is reconstructing new affordable housing that is mixed with residents who purchase units market price and at discounted price. The old residents are invited back to occupy units as affordable renters. The affordable units are sold at \$190-\$220K and the market rate units are sold at \$350K. Unfortunately, the timing could not be worse with the collapse of the housing market and mortgage lending. An important point, in my opinion, is that Chicago does not waive park fees for affordable housing and strongly leans on land dedication for parks.

Chicago has programs that provides assistance towards home ownership and grants for poor homeowners to fix their roofs. Chicago does have inclusionary housing, however, developers are allowed to pay an in lieu fee instead. If you build in Chicago and ask for no zoning changes, then 10 percent of the units must be put aside as affordable. If, on the other hand, you require a zoning change like a Planned Development (which is very common) then 20 percent of the units must be put aside for low-income buyers.

In my opinion, it is important for cities to take bold steps. For San Jose it was the Arena and for Chicago, it was Millennium Park. Millennium Park covers 24 acres. It was once a surface parking lot and an old railroad yard. Mayor Daley led the charge to create this destination

park. He and others tapped the many established families of the greater Chicago area and raised \$220 million in donations!

The city put in \$270 million of which \$175 million came from selling bonds on future parking revenues. If you are not familiar with the park, I encourage you to do a web search and check it out. The park is amazing, immaculate and was the catalyst for building several nearby residential towers, which added substantially to the property tax revenues for Chicago.

The park was not without its own cost overruns. For example, the famous Bean sculpture went from \$5 million to \$23 million. On the other hand, the City bids out the park maintenance to a property management company which then subcontracts out the work to 17 different contractors to keep the park immaculate.

Our group also visited city hall, where we had an opportunity to walk the Green Rooftop and chat with city staff in the departments of housing, planning, environment, special events and more. Unfortunately, we did not get to meet Mayor Daley—he was traveling to Russia.

Touring Chicago reinforced my support of park fees for affordable housing projects, that its important to take bold steps to accomplish goals that benefit the entire city and that if the union city of Chicago can outsource some of it's services, then perhaps it works.

What cities have you visited that you feel San Jose could learn from and/or adopt best practices from?

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